

Dropbox Q4 2019 and Fiscal 2019 Guidance

As of November 7, 2019

(In millions, except percentages)

	Q4 2019	Fiscal 2019
Revenue	\$442 - \$444	\$1,657 - \$1,659
Non-GAAP operating margin ⁽¹⁾	14.0% - 15.0%	12.0%
Free cash flow ⁽²⁾⁽³⁾		\$375 - \$385
Capital expenditures related to our new corporate headquarters, net of tenant improvement allowances ⁽³⁾		\$65 - \$75

⁽¹⁾ A reconciliation of our forward-looking guidance for non-GAAP operating margin with our forward-looking GAAP operating margin is not available without unreasonable efforts as the quantification of stock-based compensation expense, which is excluded from our non-GAAP operating margin and will have a significant impact on our GAAP operating margin, requires additional inputs that are difficult to predict and subject to change. Our forward-looking guidance for non-GAAP operating margin also excludes the following expenses related to the acquisition of HelloSign: a portion of the purchase price for certain executives that will be earned over three years if they remain employed in the amount of \$49 million; amortization of acquired intangible assets, which are subject to valuation efforts; and diligence-related costs.

⁽²⁾ We define free cash flow as GAAP net cash provided by operating activities less capital expenditures.

⁽³⁾ Our estimated 2019 capital expenditures spend is \$150 - \$160 million, inclusive of \$120 - \$130 million of capital expenditures related to the buildout of our new corporate headquarters in San Francisco, CA. Our estimated tenant improvement allowances related to this buildout are expected to be \$55 million, and will be included in net cash provided by operating activities when received.

Forward-Looking Statements

These supplemental investor materials contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding Dropbox's future financial performance and guidance for Q4 2019 and FY 2019. Dropbox has based these forward-looking statements on current expectations and projections about future events and financial trends that we believe may affect Dropbox's business, financial condition and results of operations. These forward-looking statements speak only as of the date these supplemental investor materials are first posted to Dropbox's investor relations website and are subject to risks, uncertainties, and assumptions. Further information on risks that could affect Dropbox's results is included in our filings with the Securities and Exchange Commission (SEC), including our annual report on Form 10-K for the year ended December 31, 2018 that we filed with the SEC on February 25, 2019. Additional information will be made available in our quarterly report on Form 10-Q for the quarter ended September 30, 2019 and in other future reports that we may file with the SEC from time to time, which could cause actual results to vary from expectations. If the risks materialize or assumptions prove incorrect, actual results could differ materially from the results implied by these forward-looking statements. Dropbox assumes no obligation to, and does not currently intend to, update any such forward-looking statements after the date these supplemental investor materials are first posted to Dropbox's investor relations website, except as required by applicable law.

Additional information on our non-GAAP measures is included in our earnings release, which was furnished with our Form 8-K filed with the SEC on November 7, 2019.